Fin [Board-I]
Stock Copy

BUDGET
1972-73

Speech of

Thiru M. Karunanidhi

Chief Minister

1st March 1972

Speech of Thiru M. Karunanidhi, Chief Minister of Tamil Nadu presenting the Budget for 1972–73 *to the Legislative Assembly on* 1*st March* 1972.

Mr. Speaker Sir,

We meet to-day against the background of—
India triumphant,
symbol of the fact that
a just cause is always
greeted by the garland of victory;
the emergence of Bangla Desh,
a new nation standing forth
as living proof of the fact
that those who seek their
basic rights however slighted,
however insulted in the beginning
can never be denied, these
rights ultimately.
India and Bangla Desh to-day
bestride the world arena
conscious of their achievement.

It is with pride in my heart on this occasion that I present, before the 45 million people of Tamil Nadu, the Budget of our State and seek their co-operation.

2. I am happy to place before you to-day, the Budget Estimates for 1972–73, the Revised Estimates for 1971–72 and the Accounts for 1970–71.

3. No praise will be too high for the spirit of dedication to democracy, which moved our Prime Minister to heed the call of Bangla Desh, and for the exemplary valour shown by our officers and men on the battlefield.

4. The blood that the heroic men hailing from our State shed in the cause of our country, the spontaneous response of the people of this State to the call of the State Government in all areas of defence effort—all these go to prove the abiding commitment of the people of this State to the unity and integrity of our nation.

5. The readiness with which the people of the State have donated generously Rs 3·3 crores to the Defence Fund within three months is yet another example to prove that the united voice of our people from Kanyakumari to Kashmir is such as to make our enemies tremble.

6. In this prelude to the Budget I would like to express a few thoughts about the future of our vast Indian nation. We are keen to strengthen further the feeling of unity exhibited by the people of this country in vanquishing the enemy. At the same time, no one should lose sight of the fundamental fact that the strength of Indian democracy lies in its unity amidst diversity. Unity does not mean uniformity. If democracy is to flourish, there should be adequate freedom for contending thoughts and diverse ideologies. While the country has wholeheartedly accepted the goals of socialism and democracy, there will be differences of opinion on the manner in which different regions of this country should attain these goals. The insistence that all the States of the Indian Union should go along one single path and to create difficulties in their pursuit of different lawful and peaceful policies to achieve these noble objectives will strike a discordant note in ensuring the harmony and the unity of the country.

7. While presenting the Budget for 1971–72 to this House, I pointed out that we are committed to establish a prosperous, socialist society. Socialism

does not mean mere economic growth ; there should be corresponding changes in the social structure too. Economic prosperity, unmatched by social changes, would merely cover a festering sore with a golden garment. If we are to introduce modern and innovative changes in the economic sphere alone but would allow anachronistic and irrational practices to dominate the social set-up, the socialist society that we create will be more like a garden stricken by a cyclone.

8. Under the leadership of Arignar Anna, this Government assumed office in 1967, dedicated to these cherished ideals of economic prosperity and social transformation. Again, in 1971, this Government was returned to power with a massive mandate. We consider election promises as immutable directives rather than as slogans to be thrown to the wind and are trying our best to achieve them.

* "Tamil Nadu" in the place of "Madras State".
* Tamil in every place ; even at the altar of the Lord.
* Legal recognition for Self-Respect Marriages ;
* Eligibility for appointment of temple priests to all based on merit.
* Establishment of the Backward Classes Commission ;
* Setting up of the Beggar Rehabilitation Fund ;
* Establishment of the Slum Clearance Board ;
* Setting up of the Tamil Nadu Water-Supply and Drainage Board ;
* Free Education up to Pre-University Class ;
* Reduction in land ceiling and removal of exemptions ;

* House-sites for agricultural labourers; fixation of fair wages;
* Land pattas and house pattas to millions of the poor and the downtrodden, harijans and backward people;
* Ceiling on buses, closely followed by nationalisation of bigger fleets;
* Employment opportunity for graduates through the establishment of youth service corps; social regeneration activities in villages and hamlets;
* Removal of food controls;
* Rural Electrification throughout the State;
* State Planning Commission;
* Administrative Reforms Commission;
* A Committee to examine Centre-State relations;
* Concessions to policemen;
* Schemes to ameliorate the plight of handloom weavers;
* Creation of the Labour Welfare Fund;
* Concessions to teachers and greater employment opportunities;
* Increase in emoluments of Government servants;
* Pension for over 6,000 political sufferers, irrespective of their present political affiliations;

Before I elaborate other achievements besides these, and the activities planned for various departments, I would like to outline the financial position of our State in brief.

9. Budget Estimates.

While presenting the Revised Budget for 1971–72, the anticipated receipts and expenditure on the

revenue account were put at Rs 342·65 crores and Rs 358·52 crores respectively, resulting in a revenue deficit of Rs 15·87 crores. On present indications, we expect the receipts for 1971–72 to be Rs 377·41 crores and the expenditure Rs 375·67 crores with a resultant surplus of Rs 1·74 crores. The Budget for 1972–73 placed before the House, anticipates a receipt of Rs 397·27 crores and an expenditure of Rs 394·78 crores, with a surplus of Rs 2·49 crores in the revenue account.

10. Burden of debt.

On this occasion, I would like to point out the difficulties encountered by this State because of the burden of repayment of debt to the Central Government. In 1972–73, we will be receiving a loan of Rs 45·80 crores from the Central Government for plan schemes and other activities, whereas during the same year, our repayment will be of the order of Rs 53·38 crores. It would thus be seen that our repayment to the Central Government will exceed our receipts by about Rs 8 crores. This results in the State Government having to provide funds from its own resources for the entire developmental expenditure on the capital account. We have therefore been requesting the Central Government, time and again, to soften the conditions of debt repayment by reduction of the rate of interest and extension of the period of repayment. We hope that the Central Government will concede this reasonable request.

11. Plan outlays—Overdraft.

Our financial difficulties arise mainly because of the implementation of a minimum Plan needed by the State. While we had fulfilled a Plan of Rs 93·49 crores in 1968–69, the Central Government gave its approval for a Plan of only Rs 72·00 crores in

1969–70. We pointed out that provision of such a reduced amount will hamper the rate of progress and retard the growth. Even so, the Government of India insisted that the Plan for 1970–71 should be reduced to Rs 79·30 crores and that for 1971–72 to Rs 80·20 crores. We pointed out to the Government of India that at least Rs 575 crores should be spent on development schemes of the State during the Five-Year Plan period and that this would involve an annual outlay between Rs 100 to Rs 125 crores. In order to implement this outlay, we approached the Government of India to consider sympathetically the request made by us to increase the central assistance from Rs 202 to Rs 250 crores; to set right the injustice meted out by the Finance Commission; and to take steps for rescheduling the debt repayment. Having regard to the fact that these requests were under the examination of the Government of India, we proceeded to implement a Plan of Rs 87·05 crores in 1969–70 and a Plan of Rs 97·45 crores in 1970–71. We are implementing, during the current year, a Plan of Rs 114·98 crores. Towards this end, we have endeavoured our best to raise additional resources and have also taken care not to allow any increase under non-plan expenditure. We also pointed out to the Central Government that leaving aside the effect of the Pay Commission, the non-plan expenditure during the last few years has, by and large, been around the level reached in 1968–69. In the context of these efforts to effect economies and to raise additional resources, it is only reasonable that we formulate and implement a Plan of reasonable magnitude. It is because of the fact that the anticipated assistance for this Plan did not materialise that we had to have recourse to overdrafts with the Reserve Bank of India to meet this Plan expenditure.

I had discussions last December with the Union Finance Minister, the Union Planning Minister and the Planning Commission on the size of the Annual Plan and the general financial position of our State. During these discussions, it was agreed that the current year's Plan may be of the order of Rs 114 to Rs 115 crores and that the Plan for 1972–73 may be around Rs 117 crores. Accordingly, the Budget documents placed before you provide for a Plan of Rs 114·98 crores in the current year and Rs 116·63 crores in 1972–73. Based on the above discussions, credit has been taken for a ways and means accommodation of Rs 66·33 crores from Government of India to cover the overdraft arising from the implementation of the Plan during 1971–72, of which, Rs 1·99 crores will be repaid during the current year and Rs 9·95 crores in 1972–73. The Budget Estimates provide for repayment of both interest and principal to Government of India on this account.

12. Agricultural Production.

Agriculture is the pivot around which the world revolves. In keeping with this pivotal role of agriculture, we have ushered in the green revolution all over the State. We have expanded credit facilities and taken steps to provide irrigation, fertilisers and pesticides. During the current year, high-yielding varieties have been cultivated in 59 lakh acres. The target for 1972–73 under this scheme is 66 lakh acres. Pulses containing as they do protein, an important ingredient of nutritious food, would be cultivated in over 14 lakh acres during 1972–73 as against 11 lakh acres in 1969–70. We have also started a seed farm for pulses in Kudumiamalai. Increase in the production of pulses will enable us to hold the level of prices in our State.

13. New Methods in Agriculture.

The proper way to ensure rapid agricultural development is to explain the problems of agriculturists to the research workers and to carry the fruits of research to the doorsteps of farmers. This work will be intensified in Kudumiamalai and in other research stations. The Agricultural University has also earnestly engaged itself in the development of new strains of paddy, cotton and pulses. I hope that this University will devote its special attention to developing strains of long staple cotton enabling us to reduce our dependence on import.

14. Agro-Industries Corporation.

The performance of workshops set-up by the Agro-Industries Corporation has been gratifying. So far, in 1971–72, five tractor repair stations have been set-up by the Corporation and 1080 tractors will be distributed during the year. The Agro-Industries Corporation is contemplating the formulation of pesticides as well as distribution of various other inputs needed by agriculturists.

15. Agricultural Credit.

Our success in the co-operative sector will be evident from the fact that as against the short and medium-term loans of Rs 31·41 crores given in 1966–67, we have distributed Rs 44·43 crores during 1970–71. We expect to distribute Rs 50·00 crores in 1971–72 and Rs 61·00 crores in 1972–73. Similarly, the long-term loans given by co-operatives which stood at about Rs 3 crores in 1966–67 shot up to Rs 15·48 crores in 1968–69 and rose to Rs 22·66 crores in 1970–71. It will be Rs 29·40 crores in 1971–72. In 1972–73 we expect a further rise under this head.

16. Animal Husbandry.

Government have drawn up a comprehensive re-organised scheme to provide veterinary assistance.

Ten new veterinary dispensaries will be set-up in 1972–73. Special schemes for cattle development will be taken up in a few districts. Poultry and piggery development schemes are also being implemented. As against a provision of Rs 3·06 crores in 1970–71, a provision of Rs 4·30 crores has been made under the head "Animal Husbandry".

17. Dairy Development.

The increased needs for milk in the cities can be met only by implementing schemes for increased milk production and by providing adequate facilities for collection, processing and distribution of milk. This will incidentally lead to increased incomes in rural areas. A programme has been drawn up for the State as part of the Operation Flood under which the Indian Dairy Corporation has allocated Rs 8·87 crores for Dairy Development in Tamil Nadu. This is in addition to the normal schemes of Dairy Development. Madhavaram Dairy which was handling 33,000 litres of milk in 1967–68, has now reached the level of 70,000 litres per day and under the Operation Flood Programme, the amount of milk distributed in Madras City will be raised to 3 lakhs of litres per day in a period of five years. Approval has been accorded for the setting up of a second dairy in Madras at a cost of. Rs 55 lakhs. Farmers in parts of Chingleput, North Arcot, Salem, Coimbatore, The Nilgiris, Madurai, Tiruchirappalli and Thanjavur districts are expected to get considerable additional income as a result of the expanded dairy activities. The Tamil Nadu Dairy Corporation is being set-up in order to implement these schemes in an expeditious manner.

18. Irrigation facilities.

As against the provision of Rs 7·89 crores in 1966–67 for maintenance of irrigation schemes the

outlay has been raised to Rs 14·23 crores in 1971–72. In 1972–73, the provision will be Rs 14·28 crores. This will help the proper maintenance of our irrigation systems including Cauvery, Amaravathi, Vaigai and Thambaraparani. In this context, Government have examined proposals for improving the existing irrigation systems and are taking steps to implement them. As the House is aware, it is a matter of regret that even though the World Bank has appraised the proposals for modernisation of the Thanjavur Irrigation System and the Government of India have given technical clearance, the scheme for modernisation could not be taken up by us for implementation as programmed. We have been pointing out often that postponement of outlays on these schemes, which would help to economise the use of water and improve agricultural production, is not a wise move, viewed in the overall economic perspective. It is but natural that we should expect, at such times, the Central Government to step in and find just solutions to water disputes between States.

19. Ganga-Cauvery Link.

On behalf of the State Government, I have discussed with the Union Planning Minister and the Union Minister for Irrigation the need to take up immediately the massive scheme of linking up the Cauvery with the Ganga. This would ensure that inter-State water disputes do not arise; nay, this would even help to solve the existing ones. This scheme, when implemented, will help to develop the entire area from the Ganga to the Cauvery and would further serve as a great unifying link between the different regions of this vast country of ours. As part of this impressive scheme for connecting the Ganga and the Cauvery, rivers like the Godavari and the Krishna would also get integrated in the grid. This mighty scheme can be

implemented in stages, by first linking up the Cauvery with the Godavari and the Krishna and simultaneously linking the Ganga with northern rivers like the Mahanadhi. Completion of this scheme in stages would also rectify regional imbalances in which the spectacle of certain States ravaged by flood and others stricken with drought will disappear. I would earnestly urge the Central Government to initiate preliminary action on this project.

20. New Irrigation Schemes.

In 1972–73, we are providing for capital expenditure of Rs 8·17 crores in the Plan for irrigation schemes, including around Rs 3·90 crores on the new irrigation schemes such as Chinnar, Parappalar, Palar—Porundalar, Thandarai, Nandan Channel, Karuppanadhi, Ponnaniar and Pilavakkal which will stabilise the existing ayacut and bring new areas under irrigation.

21. Power.

Thanks to our efforts to fulfil the pledge of this Government that no village in Tamil Nadu will be without electricity, the number of villages getting electric supply will rise to 50,900 by the end of 1971–72. We expect that we will be achieving our goal substantially by the end of 1972–73.

22. New Generation Schemes.

It is imperative that we should urgently formulate new generation schemes. We have proposed the setting up of a Thermal plant at Tuticorin. We hope that the Government of India will give early clearance to this project. Besides, it is necessary to have a second mine cut at Neyveli in order to utilise the Thermal Plant at Neyveli to its full capacity. We also expect that the Government of India will expedite the work on Kalpakkam Project. While I am on this

subject of new generation projects, I would request the Government of Kerala to accord early concurrence for the Pandiar-Punnapuzha scheme, which will add 100 MW to our grid.

23. Road and transport facilities.

A provision of Rs 3·68 crores for capital works on roads and a provision of Rs 6·63 crores for maintenance of roads are highlights of the Budget for 1972–73. Besides these, Rs 5·44 crores will be spent in 1971–72, on the National Highways in our State.

One of the important decisions of Government incorporated in this Budget is the take-over of 1,000 miles bus route roads from Panchayat Unions. I am sure that this decision will be welcomed by this House. Another important announcement that I wish to make is that the Central Government have sanctioned the construction of the Pamban Bridge at a cost of Rs 5·33 crores. I hope that Government of India will soon accord their approval for the Sethusamudram Canal Project, which we have been urging for long.

24. Rural Development.

One of the principal tasks of a socialist Government is to remove the disparities between the urban and rural areas. In keeping with this concept, this Government have always shown a keen interest in rural development and the upliftment of the rural population. One of the goals we have kept constantly before us is to make available all modern facilities like electricity to all the villages in the State. To-day there are no link roads or drinking water facilities in many villages. The responsibility for providing these facilities to the people in our villages falls on us, the representatives of the common people. It has been estimated that more than Rs 300 crores

would be needed if roads and drinking water facilities are to be extended to all the small villages and hamlets. But if we are to be deterred by the magnitude of this estimate, we will not be able to make even a modest beginning. We have, therefore, decided on a timebound and phased programme for meeting this target. As a first step, it is proposed to undertake a five-year programme to link all villages and hamlets with a population of 1,500 and more with main roads and also connect the adjacent small villages. For this purpose, it has been decided to levy a surcharge of 10 % on Motor Vehicles Tax and with the proceeds set-up a Rural Road Development Fund.

In addition, the ceiling for the local cess surcharge levied by the Panchayat Unions will be raised from its present level of Rs 1·50 to 2·50, mainly to enable the Panchayat Unions to provide drinking water facilities and link roads for the small villages and hamlets in their areas. This step has been taken, taking into account the financial difficulties of the State Government and at the same time the need to have an intensive programme of providing drinking water facilities and link roads to all the villages. Just as the Tamil Nadu Water-Supply and Drainage Board is approaching the Life Insurance Corporation of India for urban water-supply schemes, we have requested the Corporation for assistance for rural water-supply programmes also.

25. Medical facilities.

The fact that the provision for public health and medical schemes in 1972–73 stands at Rs 34·69 crores as against the outlay of Rs 33·38 crores in 1971–72 and Rs 16·75 crores in 1966–67 bears testimony to the importance attached by this Government to this sector,

The following are some of the new schemes that will be taken up for implementation in the coming year :—

(1) Improvement of the medical colleges at Madurai, Coimbatore and Tirunelveli.

(2) Construction of 32-bed hospitals at Kumbakonam, Athoor, Tirupathur and Tenkasi.

(3) Augmentation of bed strength in the Government hospitals at Tanipadi, Tittagudi, Vallipuram, Karaikudi and Mettur.

I would also like to take this opportunity to announce a new development scheme in this sector. It has been a long pending request of the Panchayat Unions that the Government should take-over and run the 200 odd dispensaries, which they had inherited from the erstwhile District Boards. This request of theirs has now been accepted and as part of a phased programme, Government have come forward to take-over 45 such dispensaries in the year 1972–73.

26. Education.

The outlay for Education, which was of the order of Rs 53·56 crores in 1967–68 has been increased to Rs 89·85 crores in 1972–73. I wish to announce on this occasion the decision of Government to constitute an expert committee to explore possibilities of improving the quality of education in our schools. This committee will, I hope, take advantage of modern developments in this field in the educational institutions abroad.

27. Many scholars from our State are working in various institutions in foreign countries. We have formulated a new scheme, under which they would be invited to come back to and stay in this State for specified periods in order to introduce in our institutions the modern techniques learnt by them abroad. Fifty

fellowships will be awarded in the first instance under this new scheme to be called the "Tamil Nadu Fellowships Scheme". This scheme will provide an opportunity for our scholars, who are now abroad, to work in our educational institutions for periods ranging from six months to one year.

28. Welfare of Harijans and Backward Classes.

Schemes for the welfare of Scheduled Castes, Scheduled Tribes and Backward Classes continue to have pride of place among the developmental schemes implemented by the Government. As against an outlay of Rs 3·59 crores set apart by the State Government in 1966–67, a total outlay of Rs 8·41 crores has been earmarked for Harijan Welfare in the Budget for 1972–73. This provision has been made despite the fact that earmarked Central Assistance for this programme has been discontinued. When this Government assumed office, only about 2,400 Harijan colonies had received electric supply. As a result of the intensive efforts taken by us, I am happy to say that to-day about 15,600 Harijan colonies have received electric connection. As for Backward Classes, against a provision of Rs 0·91 crore by the State Government in 1966–67, in all Rs 4·68 crores have been provided for in 1972–73.

29. Handlooms.

The Plan outlay for the welfare of Handloom weavers in the Budget which was Rs 2·03 crores in 1971–72 has been stepped up to Rs 2·34 crores in 1972–73. This should be compared with the figure of Rs 1·82 crores for such schemes in 1966–67.

30. Labour Welfare.

The State Government has shown an abiding and sympathetic concern for the welfare of labour all over the State notwithstanding a few unhappy incidents

that have taken place in the sphere of industrial relations. Impartial observers would, I am sure, appreciate the sober and steady labour policies of this State Government, particularly when compared to other parts of the country. At the same time I wish to state that this State Government would never swerve from its responsibility to maintain law and order in the face of provocative attempts by anti-social forces, who are wedded to violence and try to take advantage of labour disputes here and there.

31. The re-opening of five sick textile mills in Coimbatore for the benefit of the workers; the disbursement of two lakhs of rupees as distress relief to the unemployed textile workers; the present dialogue with the Centre for re-opening the closed mills; the disbursement of over rupees three lakhs for the affected textile workers; the relief given to the workers of the Standard Motors; the Government's take over of Textools, Coimbatore, Southern Structurals and Lasco, mainly for the benefit of the workers; these are but a few of the tokens of the affectionate concern that Government have for the industrial workers.

32. There has to be development of industries both in the State Sector and in the Co-operative Sector in order to reduce concentration of economic power and establish an egalitarian socialist society. In this connection, we consider it desirable to adopt a new policy under which we can give the workers a share in the management as well as in the equity capital in industries in the public and co-operative sectors. This can lead to participative management of these enterprises by both the management and the workers. A committee will be appointed soon to examine this line

of approach and make suitable recommendations thereon to Government. We hope this new policy would ensure better industrial harmony and greater labour welfare.

33. Industrial Development.

I would like to express my sense of gratitude to the Central Government for expediting work on the Salem Steel Plant, in response to the continuing and untiring efforts taken by the State Government. I am also happy to say that a few problems, which had so far hindered the progress of the work, have been solved. The House is aware of the industrial policy of the State Government and the success that has crowned the efforts of the State Government for industrial development, details of which have been outlined in the Governor's address. Suffice it to say that as a result of the efforts taken by the State Government, 40 letters of intent and 45 licences have been issued by the Central Government in 1971 alone.

34. Government Servants.

We are keenly aware that it is the Government servants who are ultimately responsible for the effective implementation of the various policy decisions taken by the Government. It was because of this deep concern about the welfare of the employees of Government that we set up the Second Pay Commission and implemented their recommendations at an annual cost of Rs 23 crores, liberally enhancing the pay scales and giving other benefits. We have recently decided to remedy yet another of their long pending grievances. We have decided to abolish the system of confidential reports, long considered by the N.G.G.Os. to be a relic of feudal attitude. Only records of disciplinary action, if any, taken against the Government servants will be taken into account for deciding on

promotion. There is no need to continue any system of reports, either confidential or open.

35. I would like to point out that as part of the phased implementations of the recommendations of the Second Pay Commission, provision has been made for a further enhancement of House Rent Allowance with effect from 1st April 1972. The House Rent Allowance will be 12 per cent in the City of Madras, 8 per cent in Madurai and Coimbatore, 6 per cent in the Grade II areas and 4 per cent in the Grade III areas. Towards this we have provided for an additional expenditure of Rs 1·82 crores per annum. This reflects the abiding concern of Government for their employees even in the context of their current financial difficulties. I would also like to add that a Committee headed by the Chief Secretary to Government will be constituted to go into the representations so far received from Government Servants and teachers regarding the rectification of anomalies in the recommendations of the Second Pay Commission. The Committee will submit its recommendations to Government within six months.

36. Tamil Nadu State Trading Corporation.

Turning to the present price situation, we cannot be complacent merely on the ground that they are partly indicative of the higher purchasing power of the people. This problem of rising prices has to be viewed as an all-India problem, particularly in view of the fact that there are a number of poor people in the country who are bereft of any purchasing power worth the name. In order to solve this problem within the limits of the State's powers and resources, we have recently established a State Civil Supplies Corporation. Its main activity is to procure a few essential articles like rice, retain them as a buffer stock and distribute them at reasonable prices to the people, whenever

the price line shows an upward trend. This modest effort with a limited objective, will be expanded and within a shortwhile, action will be initiated to establish a Tamil Nadu State Trading Corporation, mainly with a view to holding the price line, to the extent that is possible at the State level.

37. Beggar Rehabilitation.

"To beg is demeaning" said the grand old Tamil poetess. Whom does it demean ? It is demeaning not for those who beg but for us who see them beg. The sixty thousand beggars and six thousand leprous beggars of our State are our own brethren. In order to solve the problem of beggars wallowing in the quagmire of poverty, we created a Beggar Rehabilitation Fund on 3rd June, 1971. We were the first State in the whole country to do so. Within a few months, the philanthropic public, generously responded to my appeal and donated more than a crore of rupees to this Beggar Rehabilitation Fund. Three rehabilitation centres for leprous beggars have already been set up at Paranur, Ulundurpet and Bargur. Government have also decided to implement earnestly other schemes to offer a new life to them, so that the begging bowl can be totally banished from this State. For this purpose, I request all men of good will to generously donate to the Fund. Mere donation may not be adequate to set up additional rehabilitation centres, to offer adequate medical aid and provide maintenance and to give them vocational training. Having this in mind it has been decided to raise the betting tax from 15 % to 20 % for bookies and totalizator and from 20 % to 25 % for others. This is expected to result in an additional income of about Rs 50 lakhs, which will be given to Beggar Rehabilitation Fund.

38. Land Reforms.

In its march to socialism the State Government has constantly tried to weed out the system of land-lordism and enable the real benefits of the land ceiling legislation to be reaped by the people. The Land Ceiling Act of 1961 was implemented, after due warning and adequate notice. The bigger landlords had therefore taken action to escape its hold even before the introduction of the Act. By a number of various transactions, benami or otherwise, these bigger landlords had camouflaged their vast holdings, taking advantage of the number of generous exemptions. The statute was ineffective and helpless in the face of these clever manoeuvres. With a view to change this state of affairs radically, this Government announced, without any notice, a fresh Land Ceiling Act in 1970 and reduced the ceiling to 15 Standard acres. Simultaneously, we revoked the exemptions on sugar-cane and grazing lands. This revolutionary enactment passed by this Legislature, and assented to by the President is being followed up. Our enactment conferring ownership of house-sites on landless agricultural labourers, who had been languishing all these years without a house-site of their own, has also received the Presidential assent. Action has also been initiated in this regard on the 27th of the last month at Tiruvaiyaru in Thanjavur district.

39. I would like to announce a new decision which marks a further stage in our land reform measures. Because of the various exemptions in the Land Ceiling Act, Government have not been in a position to get any significant land surplus. As the House is aware, we have already removed the exemptions on lands used for cultivation of sugar-cane and grazing. In continuation of this I wish to announce that all exemptions in favour of trusts created after 26th

January 1950, the date on which our Constitution came into force will be withdrawn, except for a limited extent to be allowed for trusts for educational purposes and medical facilities. Necessary legislation for this will be introduced during the current session.

In addition, Government have decided to reduce with effect from to-day the present ceiling of 60 standard acres allowed for a family to 40 standard acres. Necessary legislation will be brought before the Assembly for this purpose also.

40. Debt Relief Act.

Growing rural areas are the life giving roots for the tree of national development. Our poor agriculturists who eke out their meagre livelihood from land are being oppressed by a heavy burden of debt. All of us see these people borrowing from private money-lenders at usuriously high rates of interest, the interest itself accumulating to several times the principal with the result that these poor people are not able to discharge their debt. Likewise, those who belong to low income groups like labourers, wage earners and Government servants are loaded with debts obtained from private individuals at unbearably high rates of interest.

In this context I am happy to announce that a new debt relief enactment on the lines of the 1938 Agriculturists Relief Act would be brought before this House to give debt-relief to agriculturists; in addition, another Act to give relief by reducing the debt burden of labourers, wage earners and Government Servants, coming in the low income group, will also be brought before the House.

41. Moreover, in 1968, we passed an Act facilitating payments of arrears of rent in four instalments by tenants to landowners. It is seen that many tenants are finding it difficult to discharge

arrears within the time given earlier. I wish to announce, therefore, that Government have decided to bring in legislation to protect the interests of the tenants by wiping out old arrears due upto 30th June 1971 (till end of Fasli 1380), for those tenants who have cleared their dues for the current fasli.

42. State Autonomy.

We are here, in this seat of power, as the representatives of the common people of this State. Our principal concern is for the welfare of the poor and the middle classes. In our task, we have faced opposition from various quarters ; we have been growled at by the privileged few, who, never reconciled to the fact that ordinary people like us could occupy this high office, have bandied jests and satire in vain. However, our motto has always been that service of the poor is worship of God. We have discharged our responsibilities in constant awareness of the fact that we are the friends of the poor and the downtrodden—of those among our people who can boast of no past position, glories of clan or family. Within the constraints of the limited powers given to us and with the available material resources and opportunities, our only concern has been to raise to positions of human dignity those of our brethren who are in the lowest rung of the social ladder. Even as our preceding budgets and programmes did, this Budget throws into bold relief, our strenuous efforts in this direction. I do hope that those who have regard for our progressive views—even those who look down on us socially—would concede the earnestness of our efforts if only they were to condescend to analyse objectively.

43. We have been doing our best to ameliorate the living conditions of the poor, the backward and the down trodden within the framework of power

bestowed on the State Government. However, we are hampered by the total absence of even the minimum powers and financial resources, so necessary for battling with the multitude of the problems which are crying for immediate solutions.

44. The main reason for this is that the Indian Constitution, though said to be a federal one, contains many provisions which go against the principles of federalism. Only the word 'Union' has been used in the Constitution. It cannot be gainsaid that even this 'Union' is only on paper and a unitary trend is much in evidence.

In the allocation of powers, the scales tilt in favour of the Centre and the States helplessly look at the powers of the Centre. The Rajamannar Committee has also categorically noted: "There is a large scope for the Centre to intrude into State affairs and thus affect the autonomy of the States".

There are a few who argue that the present set-up in which the Legislatures in the States, Chief Ministers and other Ministers exist is a sign of States' autonomy. The present set-up, in which the Central Government has taken over from the States, subjects inessential to the Centre and is not willing to share with them important powers which are needed by the States is no indicator of the full flowering of autonomy. We consider that the States should have full autonomy; the set-up in which the Central Government is the master and the State Governments are subservient should be changed and a relationship of equals should be established. Only this will enable the people's needs to be met without delay. Only on such a basis, with adequate financial resources made available to the States, can the State Governments function in keeping with the aspirations of the people of the States.

There can be no two opinions that the country's defence depends on a strong Centre.

When the aerial roots of a banyan tree grow strong, the trunk does not get weakened. The banyan tree derives beauty and strength only when seen together with its aerial roots.

" Autonomy for the State and Federalism at the Centre ". This is not a slogan for secession. Even Dr. Ambedkar, who was pre-eminent among those who made our Constitution, had stated that the word 'Union' has been used to mean only federation and that our Constitution is one of federal structure. The concepts of federation and autonomy unfortunately remain only on paper. Our argument is that, these concepts should be translated into practice and that a true federation should blossom with true autonomy. While this is our case, it is a travesty of truth to say that we attempt to cut at the very roots of the Indian Union.

The historic resolution of Pandit Jawaharlal Nehru which was adopted by the Constituent Assembly on 22nd January 1947 runs as follows:

> " Wherein the said territories (the States) shall possess and retain the status of autonomous units together with the residuary powers and exercise all powers and functions of Government and administration ".

It will be seen that demand for State autonomy does not militate against the unity and integrity of the country.

45. State autonomy does not consist of merely conferring more powers on States. It is necessary to have devolution of more resources from the Centre to implement developmental schemes in the State. For example, to-day the Corporation tax, unlike taxes on other incomes, is not shared with States.

Surcharge on income-tax levied by the Central Government is also not shared with the States. The States do not have any share in the management of Nationalised Banks. These are only a few examples. I have to emphasise that changes of structure which will benefit the States fully are needed.

46. "We are fortunate that there exists to-day in the State, a Government which unfailingly raises its voice for the cause of the people and at the Centre, a Government which sympathetically offers us a hand of friendship. If, even under these favourable circumstances, a number of our legitimate demands are ignored, how much worse would it be if the State Government is reluctant and afraid and the Centre arrogant and unsympathetic. In such a position, the voice of the people will indeed be a voice in the wilderness." I would only like to recall this statement of mine in the last year's Budget Speech. Therefore the Constitution has to be amended to place Centre-State relations on a sound federal basis—independent of present convergence of policies at the Centre and the States and giving them a sound legal basis. I express the hope that the Central Government would accede to this request.

In the full confidence that we in this Government have formulated schemes for the betterment of the great Tamil people to the best of our abilities and within the limits of the present constraints, I commend this Budget to the House for its acceptance.

Madras,
1*st March* 1972.

M. KARUNANIDHI,
Chief Minister.